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C O N F I D E N T I A L ANKARA 007271

SIPDIS

E FOR S. CLARKE  
EUR/SE FOR D. HENGEL

E.O. 12958: DECL: 11/18/2013

TAGS: [ENRG](#) [PREL](#) [ECON](#) [TU](#)

SUBJECT: ENERGY DISCUSSION AT TURKEY-U.S. EPC

Classified by Charge, Robert Deutsch for reasons 1.5 (b) and (d).

1. (C) Action Request: Post urges Washington to reconsider the decision to drop energy as a separate topic on the EPC agenda. This is not just to mollify the Turks; we have real, substantive energy issues to discuss. We consider energy to be a critical building block of our economic and political relationship with Turkey. Turkey considers U.S. support for the East-West Energy Corridor a lynch pin in its energy and economic policy and its relations with nearby countries, and we have encouraged Turkey to promote this view in the region. However, the U.S.-Turkey dialogue on energy issues has fallen off in recent months, and Turkish officials are concerned that the U.S. has lost interest, or more troubling, is considering a change of energy policy in the region.

2. (C) Ambassador and embassy officers continue to encourage Turkey's critical role in the East-West Energy Corridor. The recent vote of the IFC and EBRD to contribute to the financing of BTC is an important step, but we should not think that BTC is out of the woods, much less that the other aspects of the East-West Energy Corridor are safe. Furthermore, we need to discuss next steps in our collaborative efforts to find European markets for surplus natural gas.

3. In sum, there are a number of important issues that need to be addressed between senior U.S. and Turkish officials:

-- BTC construction is underway, but construction difficulties, political instability in Georgia and security concerns merit continued close attention.

-- Iran continues to promote itself as a cheap alternative (to Turkey and beyond to Europe) as a cheap source of natural gas.

-- Iraq's potential to supply oil and natural gas to Turkey and beyond introduce a new variable.

-- Turkey today announced a deal with Gazprom on its natural gas import agreements.

-- Turkey is concerned about U.S./Iraqi intentions regarding the Kirkuk-Ceyhan pipeline.

-- Odesa-Brody heightens concerns about Bosphorus tanker traffic and the need for another bypass.

On some of these issues, Turkish officials need reassurance of our long-term commitment to the East-West Energy Corridor. On other issues, they do not know where the U.S. stands.

4. (SBU) Turkey is the essential partner in the East-West Energy Corridor. We think the EPC presents an important opportunity to affirm U.S. foreign policy interest in Turkey's energy policy and support for the East-West Energy Corridor.

EDELMAN